



Stormwater Needs Assessment Project

Fairfax County Stormwater Advisory Committee
Stormwater Needs Assessment Project
Meeting #5
January 11, 2005, 7 – 9 p.m.
Fairfax County Government Center, Room 4-5

Meeting Minutes

In Attendance:

Stormwater Advisory Committee:

Larry Butler	Jessica Fleming	Jeanette Stewart
Robert Jordan	Christopher Champagne	Sally Ormsby
Greg Prelewicz	Michael Rolband	Mark Trostle
Harry Glasgow	Mary Beth Coya	Russell Wanek
Robert McLaren		

Consultants:

Elizabeth Treadway
Doug Moseley
Curt Ostrodka

County Staff:

Jimmie Jenkins	Paul Shirey
Carl Bouchard	Scott St. Clair
Fred Rose	Krystal Kearns
Marlae Schnare	Vishnu Seri
Shahid Syed	Tanya Amrhein
Debra Bianchi	Michelle Brickner

Meeting Agenda

1. Welcome and Introductions
2. Review December 14, 2004 Meeting Minutes
3. Funding Strategies
4. Utility Policies – Credits
5. Program Recommendations – Cost of Service
6. Next Steps

Welcome and Introductions

Carl Bouchard, Director of the Stormwater Planning Division, opened the meeting with a welcome message for the committee members and reiterated the County's thanks for their service.

Review December 14, 2004 Meeting Minutes

Mr. Moseley requested any clarification or amendments to the meeting minutes from December. The committee did note some questions regarding the principles that should be followed on how to fund needed stormwater program improvements. Ms. Treadway

noted that these would be revisited in tonight's meeting. No changes were made to the minutes. Ms. Treadway reviewed the meeting's agenda.

Funding Strategies

Ms. Treadway began with a review of the seven principles the Committee identified in the December meeting that should be used by the Team in making evaluating funding strategies and in making recommendations to the Board of Supervisors on the needed stormwater program improvements. The principles noted included:

- ◆ Fund the program using a methodology that links the demand for services to the amount paid by any particular property owner.
- ◆ Provide a mechanism that recognizes positive behaviors by the land owner to reduce impacts on flow and pollutant loading.
- ◆ Dedicate the funding to the objectives of the stormwater program where the monies cannot be redirected to other competing priorities.
- ◆ Utilize a funding strategy that encourages greener development.
- ◆ Make the funding mechanism an equitable strategy, bringing all properties into the funding base, not just those paying real estate and other general fund revenues.
- ◆ Apply the funding strategy uniformly across the County.
- ◆ Utilize bond debt to support the capital improvement program.

The committee reinforced the first principle noting that the amount paid should correlate to the demand that the property places on the County for service. Bullet six, dealing with application of the funding strategy uniformly across the County, focused discussion among the committee members on the variations in watershed conditions visible in Fairfax County and the potential need to address those watershed variations. The idea of a watershed-based fee system, where a watershed's fee could be implemented as the watershed plan is completed and the capital investments the plan recommends are known was discussed. Committee members and County staff noted that the use of a watershed-based fee system, in a community with 30 watersheds, may be politically challenging as well as administratively burdensome. The committee noted the value of keeping the fee system relatively simple. The committee also noted the need to express these concepts to the public as this initiative moves forward. It was noted that just as other public utilities allocate capital investments to all rate payers, the stormwater fee structure should follow the same policy. For example, water and sewer utilities do not charge on the basis of the amount of infrastructure investment required to deliver the service, regardless of how far a property may be located from the treatment plants. A property located next to the treatment plant (for drinking water or sewer) pays the same fee rate even though they only use a very small portion of the collection or distribution system.

Ms. Treadway then opened the floor for additional principles and concepts that the committee felt should help shape its recommendation to the Board of Supervisors. The committee noted the need to express the idea that the County must ensure appropriate staffing levels in order to facilitate program improvements. Ms. Treadway noted that year-to-year budget strategies will also drive the recommended staffing levels, and that outsourcing services is a valid strategy in any given year, depending on the nature of the program element.

Ms. Treadway also responded to committee inquiries regarding rate methodologies and potential differences in the residential rate. She discussed the use of detached, single family housing stock as the basis for the creation of the stormwater billing unit. The billing unit is then used to determine what individual properties will pay. She also noted the potential for different residential rates based on a tiered structure that could account for multiple residential categories. Residential tiering adds equity to the determined residential rate, but also requires much more initial data evaluation.

The Committee reviewed the two primary funding methods for stormwater service, the County General Fund and a potential stormwater utility fee, as applied to the principles for stormwater funding noted above. Both the General Fund and a utility enterprise fund can be used as a dedicated funding alternative. By law, enterprise funds must be used only for the services the enterprise fund has been established to provide. The Board of Supervisors can dedicate general fund resources for stormwater management as well. However, the Board can also reappropriate previously dedicated funds for other priorities at any time. Money can be borrowed from an enterprise fund, but it must be repaid. Ms. Treadway and County staff also discussed bonding capacity and the difference between revenue bonding and general obligation bonding.

County general obligation bonds are issued with the full faith and credit of the County behind them, typically getting favorable interest rates, but only after a vote of the public to issue the bonds. The County has a limit in the amount of general obligation bond debt it can incur at any given time. As such, when the County is preparing to request public support for a general obligation bond, competition occurs for getting a portion of the bond. Revenue bonds are issued with the backing of a specific revenue stream, such as a stormwater utility fee. While market conditions may require revenue bonds be issued with a higher interest rate, revenue bonds do not require a vote of the public prior to issuance. The Fairfax County Department of Public Works Wastewater Management program has utilized revenue bonds for projects in the past.

The Committee discussed other aspects of stormwater utilities. Ms. Treadway noted that a stormwater utility should be run just as any business would be, with a full accounting of all revenues and expenses. Utilities can retain fund balances for specific purposes, can meet GASB34 requirements, which include asset management and inventory, and must “pay their own way” with the disbursement of an indirect cost allocation back to the County general fund to cover use of other County services (such as human resources, County administration, County attorney services, etc.).

The committee noted that “green development” does not have a specific definition, and that there is no real distinction between utility funds and general funds in their respective abilities to account for more environmentally friendly impacts.

The committee considered the equity of the general fund and a stormwater utility in funding a stormwater management program. The discussion of equity led to a discussion of legally required exemptions for a stormwater utility in Virginia. State enabling legislation excludes several entities from paying the utility fee. First, Fairfax County, as the operator of the utility, is exempt from paying the fee. Ms. Treadway noted that this policy addresses the issue of equity to the tax payers because the payment would be drawn from the General Fund. Other government agencies that own and maintain stormwater management facilities are also exempt from the utility fee,

including state and federal facilities. Cemeteries are also exempt; however, funeral homes and churches must pay the fee. The enabling legislation does not allow for local interpretation of what “stormwater management facilities” are, and as such, other governmental entities that have some stormwater management facility that they maintain, regardless of whether it meets local design standards, must be exempted.

VDOT highways are exempted from the stormwater utility fee, but VDOT buildings are charged if they do not have on-site stormwater management. Ms. Treadway noted that exclusion of public roadways is common across the country. The County Attorney is currently researching the state code to determine if County-owned facilities, such as fire and police stations, and regional transportation services, such as airports and Metro stations, are exempt.

The Committee discussed whether or not the lack of a fee would reduce the incentive for County agencies to reduce imperviousness at future facilities. They noted that the Board of Supervisors could issue a directive for Low Impact Development practices to be utilized at future County-owned facilities.

In discussing uniformity of application across the County, it was noted that both the general fund and a utility are applied uniformly across the County but that only taxed properties are contributing in a general fund scenario. Both funding streams are also capable of supporting bond debt, with the caveats of each noted as discussed above.

Principle or Goal for Funding Option	General Fund	User Fees
1. Distribute cost of services on the basis of demand for those services.	No	Yes
2. Recognize positive behaviors by land owners when they reduce impacts of discharges on peak flow and pollutant loading.	No	Yes
3. Dedicate funding to the objectives of the stormwater program so that funds cannot be redirected to other competing priorities.	Limited	Yes
4. Encourage greener practices through the funding strategy.	Yes	Yes
5. Make the funding mechanism equitable across all property owners.	Limited to taxable properties.	Yes, within limits based on enabling legislation.
6. Apply the funding strategy uniformly across the County.	Yes	Yes
7. Utilize bond debt to support the capital improvement program.	Yes, General Obligation Bonds with vote of the public.	Yes, Revenue Bonds without a vote of the public and dedicated.

Utility Policies – Credits

The Committee discussed the use of credits in utility policy. Ms. Treadway noted that generally credit policy is established to recognize the value of a private investment to the overall County effort in managing stormwater. Credits are not automatically granted, nor are they granted in perpetuity. They must be applied for and the owner must provide

documentation that the service or function is being provided and/or maintained. Credits can be taken away if a facility is not properly maintained.

Ms. Treadway asked the Committee to consider potential activities that would warrant a credit in Fairfax County. She noted that structural facilities with water quality and quantity controls, that reduced peak flows or that exceed current standards are typically awarded credits. She noted that credit policies are locally-driven, and there is no state legislature that specifies credit type.

Residential Property Participation: The group discussed whether or not residential properties should be eligible for credits. For example, in Reston and Lake Barcroft, all of the homeowners currently pay fees to maintain their stormwater system. Ms. Treadway stated that most credits consider the County-wide value of the stormwater facility, and do not differentiate between residential and non-residential properties. Therefore, residential properties can be eligible if they provide a qualifying service.

Credit Limits: It was noted that ratepayers seldom receive 100% credit; different percentages of the fee are dedicated to different countywide issues, such as stream restoration and resource inventory. All properties should pay a base amount to account for these expenditures.

Public Education: The Committee discussed providing credits for public education efforts by private entities. It was agreed that public education is worthy of credits; however the focus should be on activities that have tangible (*concrete!*) results, such as quality and quantity benefits.

Open Space: The Committee discussed if undisturbed open space should be given a credit. If “imperviousness” is the basis for the fee, then open space is automatically given credit, since it is not part of the rate base and would not generate a fee. However, it was discussed whether the dedication of a conservation easement to ensure that the property would never be developed could be considered. Ms. Treadway indicated that it would entirely depend on whether the owner had a property, perhaps adjacent to the area dedicated, which was generating a fee so that the credit applied to another property. Credit policies are not set up to give money to non-rate payers.

Other Concepts: The Committee agreed that facilities that provide peak flow reductions, runoff velocity reductions, on-site detention, and that mimic pre-development hydrologic conditions should be credited.

The committee asked that more background material on credits be provided prior to the next meeting.

Program Recommendations – Cost of Service

Ms. Treadway referred to a draft six-year implementation plan to the Committee. She explained that the creation of the GIS imperviousness data will cost approximately \$1.7 million. The County spends approximately \$12 million per year on stormwater

management. \$9.5 million is allocated from the General Fund, with the remaining funds provided by Pro Rata Share and permit fees. The some of the program recommendations captured in the six-year implementation plan included:

- ◆ Development of a comprehensive inventory on the approximately 1,400 miles of pipe the County maintains;
- ◆ Increase the pace of watershed management plan development, with all plans completed by 2008, rather than 2010;
- ◆ Create a Countywide drainage easement inventory, which can prevent project delays.
- ◆ Initiation of a reinvestment program for the existing County-operated infrastructure.

Based on the need to develop the supporting data, Ms. Treadway shared with the committee that should the County choose to proceed with the development of a stormwater utility, the utility would not be billing until FY 2007 (June 2006). While the stormwater utility will fully fund itself once implemented, development of the utility will require resources from the General Fund. The utility could then reimburse the general fund after implementation.

The ongoing cost of operating the utility is approximately 3% per year for the cost of billing and administrative staff. The General Administration costs provided to the Committee include public education and mapping/GIS support for all areas of the program (which is why they are captured under the heading of General Administration). The first year of the implementation plan includes a public education and outreach campaign. It also includes a data evaluation phase to determine baseline conditions, including GIS imperviousness data creation. Ms. Treadway reiterated that the utility will be run like a business with standard accounting protocols. Six people can administer the utility. She noted that this is not an aggressive program, but is instead builds from year to year at a moderate pace and will meet the County's needs over time.

Overall, the Committee noted the draft cost of service model seemed reasonable considering the estimated \$350 - \$800 million capital improvement project backlog.

Mr. Jenkins stated that Anthony Griffin, the County Executive, will release his budget for FY 2005 in February. He stated that the project team and senior staff members presented a report about the stormwater utility fee to the County Budget Director and executive staff the previous week. Ultimately, the decision on whether or not to implement the utility will be made by the Board of Supervisors. Mr. Griffin is considering the dedication of one to two cents from the County real estate tax to fund the stormwater program in lieu of developing a utility fee. Mr. Jenkins reported that Mr. Griffin would be happy to speak to the Committee at their next meeting.

Committee members were encouraged to assist the County in getting the word out to their respective groups by inviting the County to a meeting to share the stormwater program plan. In addition, the Committee members were encouraged to participate in making presentations to their constituent groups along with a Fairfax County staff member. This would be a good public outreach and education opportunity. Mr. Bouchard noted that many civic groups are asking for presentations, and suggested

pairing Committee members and County Staff. He noted that the project team and senior staff will give the final utility report to the Board of Supervisors in late March.

The meeting adjourned at 9:15.

Next Meeting

The next meeting of the Fairfax County Stormwater Advisory Committee will be held on February 8, 2005 at 7 P.M. in the Fairfax County Government Center, conference rooms 4 and 5.